



County of Los Angeles
Department of Public Social Services

Bryce Yokomizo
Director

October 20, 2003

TO: Each Supervisor

A handwritten signature in black ink, appearing to read 'Bryce Yokomizo', is written over the 'TO:' line.

FROM: Bryce Yokomizo, Director

SUBJECT: FISCAL YEAR 2003-04 CALWORKS FUNDING

This is to update your Board on Fiscal Year (FY) 2003-04 funding for the CalWORKs program from both the CalWORKs Single Allocation and Performance Incentives.

SINGLE ALLOCATION

The total CalWORKs Single Allocation (SA) for FY 2003-04 is \$531.3 million, including \$16.4 million in Welfare-to-Work Match funds. In the final SA, we received \$255.3 million for employment services which is \$24.1 million more than we assumed in our budget. However, the State significantly curtailed the child care component of the SA to \$124.1 million by assuming large savings associated with child care reforms, the 60-month time limit and changes in policies related to retroactive payments. We do not agree with the State's assumptions on child care savings and are working with the State to increase our child care funding. We have also involved the County Welfare Directors Association in this effort.

Our projections indicate that we are likely to spend \$167.3 million for child care this year. We are optimistic that the arguments we have presented to the State will result in a reduction to the assumed savings and restoration of a substantial portion of the curtailed child care allocation, but we will not know the final decision until January 2004. We will need to use the additional funding in employment services, as well as access funds from the child care reserve, to offset the deficit in child care until the State decides how much of our child care funding to restore.

To the extent that our efforts to obtain additional child care funds are successful, we will have more SA funds than assumed in the adopted County budget. Our plan is to use any available SA funds to cover eligible services which are currently funded with Performance Incentives. The potential amount of available SA is fluid because of uncertainty regarding the amount of child care funding which the State may restore and a number of variables in the CalWORKs program which can significantly impact our expenditures.

PERFORMANCE INCENTIVES

On April 29, 2003, your Board directed DPSS, the Probation Department, the CAO and the Auditor-Controller to utilize Performance Incentive (PI) funds which would otherwise be unspent as of June 30, 2003 to pay for juvenile probation services and to treat the resulting NCC savings as if they were PI dollars in FY 2003-04. The resulting unspent PI-NCC amount is \$81.0 million. On March 4 and June 23, 2003, your Board approved the use of \$59.3 million of the NCC savings for various projects. An additional \$4.0 million was added to our budget by the CAO to implement actions approved by your Board for the CalWORKs program. The additional \$4.0 million represents \$1.5 million your Board approved for Community Based Teen Services, contingent on availability of funds, and \$2.5 million on unspent funds from FY 2002-03 which your Board specifically authorized for carryover into FY 2003-04.

The CAO has placed the remaining NCC savings of \$17.7 million that has not yet been allocated into the Provisional Financing Uses (PFU) budget. On June 23, 2003, your Board earmarked \$4.5 million to sustain the Youth Jobs program during the summer of 2004, which means that \$13.2 million of the \$17.7 million currently in the PFU budget is available for later allocation.

Additionally, of the total \$63.3 million in PI allocated by your Board for expenditure in FY 2003-04, approximately \$38.5 million could be replaced with SA funds to the extent that SA funds are available. The advantage of using SA funds in this way is that any unspent SA funds would revert to the State at the end of the fiscal year, whereas any unspent PI will remain available to the County.

To the extent that SA funds are available to pay for some of the eligible PI-NCC funded services, any resulting unused PI-NCC funds will be transferred by the CAO to the PFU budget and added to the existing unallocated funding for later allocation by your Board for FY 2004-05. As instructed by your Board on June 23, 2003, the Stakeholders will reconvene by June 2004 to develop recommendations to your Board regarding the utilization of PI-NCC funds available for FY 2004-05.

I will keep your Board apprised of any future developments.

BY:mc

c: Chief Administrative Officer
Auditor-Controller
County Counsel
Commission for Public Social Services
Community Planning Group
New Directions Task Force